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Investigating employees' perception of antecedents and consequences of mergers and acquisitions in HR perspective: an empirical analysis from India

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Abstract: It starts with the leader; it moves on to management and then to the last leg of the organisation, when it comes to any major development in the organisation. The leader should be able to envision the future and take along the organisation in the right direction making it successful. In this study, employee perception is measured post completion of the merger or acquisition process and after an average and minimum of two years; what are the outcomes from the employee perspective? Therefore, this study aims to investigate and measure the perception and identify the antecedents and consequences in terms of human resources in the IT industry and further validate the proposed model. This study has used survey methodology with five acquired companies in IT sector across UK and Asian countries. The study found a new perspective linking HR issues, HR policies and HR outcomes under the influence of demographics.

Keywords: mergers and acquisitions; M&As; HR practices; HR issues; HRI; HR policies; HR outcomes; HRO; empirical analysis from India; India.

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Vandna Sharma completed her PhD in Knowledge Management from the GGS Indraprastha University, New Delhi and presently working with BIT Ranchi-Noida Campus as an Associate Professor and a coordinator in the Department of Management. She has experience of 21 years in the areas of teaching and research. Her current areas of research interest are competency management, employee development and potential management, practices, employee engagement, and knowledge management. Her publications include two books and several articles in international and national refereed journals like Emerald, Inderscience, Sage Publications, etc. She also has life membership of professional bodies such as Indian Society for Technical Education (ISTE), National Centre for Quality Management (NCQM), Bombay, and All India Management Association (AIMA), SHRM. She has been awarded silver medal for her research paper on SEZs at the All Indian Commerce Association. She is a certified trainer for psychometric tests like 16PF, MBTI, FIRO-B, WAT and TAT.

1 Introduction

The industries in India picked up pace for mergers and integrations around the year 1991, when the government opened towards globalisation with its new set of liberal policies and economic reforms that opened its doors which led to this mergers and acquisitions (M&As) phenomenon. This led to thinking in business houses to not only expand the business size but compete with the rest of the world focusing towards transformation and growth. M&A in India, like many other countries, became the natural and effective method for achieving long-term business goals. Although matured over recent periods, there are varied outcomes of M&A in India. It is noticeable that basic differences would exist in the way M&A is implemented in developed markets versus emerging markets (Prakash, 2017). Volatility exists more in the emerging markets (Carneiro et al., 2018). To get international exposure, markets and control on skills and technology, Indian organisations also go for cross-border acquisitions. This not only leads to expansion but also adds a diverse portfolio of varied products. Hence it is a must to have a valid post-merger planning in place (Poddar, 2019). Moreover, though there are abundant research evidences (Aristos et al., 2018) on antecedents of M&A for predicting its success but claiming key predictors of successful M&A is still debatable.

However, at the same time, the mistakes of failed M&A were also inherited by Indian corporates. Irrespective of the size of deal, most captivating business scenarios, some M&A ran into unavoidable post-merger problems, especially related to human resource issues (HRI), human resource (HR) policies and HR-based outcomes. Senior people move out, increasing customers complaints, no process works out even after thought full assumptions of HR practices. Basically, the corporate leaders undermine the undercurrent of HR relevance.

Their attention of big picture misses out the most important asset – humans. But the most successful M&As should not ignore any specifics. Though there are few evidences of literature available explaining the role of human factors in making M&As successful but none of them is focusing on developing an integrated model of antecedents and consequences of M&A. Still there seems no clear-cut guidelines (Wenzia, 2019) on the process of HR integration during M&A. The complex concept of M&A in India is not studied sufficiently in the IT companies as in other sectors. The perception of employees

in terms of benefits or limitations are not addressed satisfactorily (Bobby, 2018). Enormous research articles on cultural, organisational and human issues of M&As are written in last 30 years but still rate of success of M&As (Marks, 2019) is moderate till date. To address this issue and to fulfil this area of research, this study examines the perception of employees on antecedents and consequences of M&A post-acquisition.

2 Literature review

A standard argument prevails that international literature is not correct as it does not validate the M&A effects of different countries. Also, one of the backlashes is that there is no collective outcome and interpretation (Viswanathan, 2020). Literature also suggests that there are advantages for early movers in any M&A and they lead to bigger post acquisition performance in terms of retaining the critical resources and maintain the sense of authorisation (Fuad and Sinha, 2018). Further, research studies (Indradewa et al., 2017) also stress on open innovation alliance strategies, such as collaboration, licensing, joint ventures, and M&As combining both knowledge-based (intangible) and resource-based (tangible) perspectives before, during and after a contractual project-based alliance between energy companies.

It has been constantly observed in the literature that most of the M&As have negative effect on firm value rather than positive (Nicola, 2013; Dickerson et al., 1997). M&As leads the organisation into an unsettling phase causing disruptions. Existing bonds are broken, and new relationships are not flourishing and in fact full of doubts. People are left feeling stressed in absence of the right direction. Employees are used to a way of working and an understanding is developed among various departments, hierarchy and even customers. This is what is also termed as organisational culture, which is the result of years of coordination among all and cannot be replaced or recreated easily with an event as big as M&A. “Cultural distance significantly affects the M&A dialogue” (Xie et al., 2017). There is an expectation from both sides, people getting acquired and organisation acquiring. A vacuum is felt. This vacuum creates a chaotic and uncertain work environment (Katz, 2000). And this becomes one of the unknown reasons of M&A failures. Organisational change readiness of the employees and its measurement is imperative for success of M&A. A participative management style of senior executives will make sure that employees at all levels irrespective of the hierarchy should be made part of the change process (Phoolka, 2018).

Furthermore, the M&A failure reasons can be classified into pre-merger and post-merger reasons:

1 Pre-merger reasons:

- holistic view is missing, incomplete due diligence
- paying for the acquired organisation much higher which leads to longer time for breakeven
- synergies are highly overrated.

2 Post-merger reasons:

- effective integration failure
- too much of time consumption and still synergies are not aligned

- stakeholder resistance underestimated
- cultural differences.

One of the IT organisation which, has done many mergers, has identified typical issues while during the merger integration process in Table 1.

Table 1 Issues during the merger integration process

<i>Organisational realignment</i>	<i>Assets realignment</i>	<i>Product and customer realignment</i>	<i>Core and process realignment</i>	<i>Systems integration</i>	<i>Project management</i>
Inappropriate scoping of functions	Unfocused assets	Offer not tailored to demand	Different/ company specific processes	Exceeding of planned costs	Project planning insufficient or delayed
Redundant hierarchy levels	Underutilisation	Inconsistent branding	Missing standardisation of processes	Exceeding of planned timeframe	Lack of coordination
Capability constraints/ attrition of key personnel	Sourcing strategy not defined	Unfocused R&D spend	Enforcement/ owner of processes unavailable	System restrictions	Missing decision support and facilitation
Cultural clashes	Risk management neglected	Unguided/ mislead sales force	Reluctance to change processes	Insufficient consideration of business needs	Flying blind
Mobilisation and commitment		Alienated customers	Missing transparency	Low user/ customer acceptance	

Source: IT Organization Repository Archives (2008)

India is still the fastest growing economy and in the past two decades, 2017 recorded the second highest level since 2001 for M&A transactions. With the market being driven by foreign investments and private equity players along with venture capitalists looking for options – M&A would spearhead any other expansion opportunities (Narayanan, 2018). Increasing number of acquisitions was happening across every industry sector and across the globe, which in turn is directly and indirectly increasing the footprint of employees getting impacted. Quoting an example of 2016, when 362 cross border acquisitions were led by Indian organisations against all the difficult situations internationally. It is all attributed to the excellent performance of domestic economy and craving for the international growth (Pandya, 2018). This required further validation and studies specified to geographical and industry focused.

A comprehensive literature review across the globe on the topic of M&A was conducted to explore the antecedents and consequences of M&As. The data has been referred from various longitudinal studies, papers published on this topic, thesis submitted for respective degrees, *Journals of Management*, consulting group newsletters, information technology company's newsletter, expert opinions and other organisations of HR and M&A working on this topic.

The literature gathered from previous studies on M&A linking with HR helps us identify the constructs for this study. Gall (1991) comprehended that in an acquisition, employees to be considered critical, as these resources can make or break it. "Resources

are assets which can create value” (Verma and Bhattacharyya, 2019). HR has a good effect on the results produced by an organisation. Specific impact leads to:

- *HRI*: To understand the issues related to humans due to the impact of M&A, there is a need to go beyond the defined frameworks. There are very little references in the literature that could stand out and prove the conceptual frameworks of the real affect of M&A on HRI (Shanley, 1988). For improved understanding, there is a need of a methodical examination of the impact of mergers. When it comes to HRI during M&A, the literature has plenty of references of major impact due to culture and communication. “Culture is all of the shared formal and informal assumptions learned by a firm – it is the history of how a firm conducts business” (Schein, 2004). Different components of culture and development are policies of HR, future prospects, respect of junior staff, training, compensation policy, openness and honesty. Competitive advantage is more likely to be gained in collaborations that actively allow knowledge about both corporate and national culture to penetrate all aspects of organisational learning (Larsson, 1993; Elsaar and Veiga, 1994; Olie, 1994). Frequent and honest communication during the merger process helps minimise the stress and anxiety felt by employees (Marks and Mirvis, 1986). HRI have a link with failure or success of M&A (Wenzia, 2019).
- *HR policies and practices (HRPP)*: Literature suggests (Pritchett, 1985; Bradley and Korn, 1984) that M&A may lead to HR policy alterations in either or both organisations like appraisals, employee relations or compensation. How much will it get changed really depends on the degree of integration, type and size of merger, geographical and cultural along with legal gambit of the entire affair. An organisation can become more authoritative and controlling if the efficiencies of HR practices are considered as the fundamental factor for achieving organisational success (Mansoori et al., 2018).
- *HR outcomes (HRO)*: Among acquired employees, a common apprehension exists about security of job and uncertainty about future career prospects. Other employee reactions include sense of independence, job loss and identity (Mage and Montgomery, 1962; Blake and Mouton, 1985; Marks and Mirvis, 1985; Wishard, 1985; Ivancevich et al., 1987; Stewart et al., 1963).

Research has also indicated that the organisational change process in mergers is usually tightly controlled by management and decisions on job losses are driven solely by the need to reduce numbers (Kanter and Seggerman, 1986). Thus, employees are commonly concerned not only with job security but also with how selection decisions are made. Related to this, a number of researchers have shown that perceptions of procedural fairness are a key factor in determining staff attitudes to, and experience of, merger change (Ashkenas et al., 1998; Brockner et al., 1994). In particular, the perceived fairness of redundancy procedures is reported to impact significantly on the attitudes of the staff that remain in the organisation (Brockner and Greenberg, 1990; Schweiger and Denisi, 1987).

Based on the literature review, following items and constructs are identified, further on which a detail questionnaire was made, and research conducted. Refer Table 2.

Table 2 M&A constructs identified

• HR issues	• Difficulties in leading the organisation	• HR policies and practices
• Culture	• Paying too much for target company	• Training
• Organisation structure	• Job satisfaction	• Compensation
• Processes	• Increased status	• Bonus
• Pace of integration	• Job security	• Insurance
• Retention	• Work conditions	• Medical
• Workforce rationalisation	• Performance	• Vacation
• Communication		• Transfers
• Contractual issues		• Termination
		• HR outcomes

Table 3 Summary of literature review

<i>Theoretical review items</i>	<i>No. of previous research papers</i>	<i>Constructs</i>
Culture	54	<i>Human resource issues</i>
Communication	40	
Organisation structure	12	
Processes	12	
Retention of people	12	
Pace of integration	4	
Overall human resource issues	2	
	136	
Compensation	10	<i>Human resource policies</i>
Training	9	
Overall human resource policies	9	
Bonus	3	
Termination	2	
Vacation	2	
Medical policy	1	
Transfers	1	
	37	
Job satisfaction	6	<i>Human resource outcomes</i>
Working conditions	3	
Increased status	1	
Promotion	6	
	16	
<i>Grand total</i>	<i>189</i>	

While there is a definite difference in the way the current employer accommodates the tenure, age and position of its employees, it was observed that there was no noteworthy difference in the assessment of the primary judgement criteria of the acquirer's country of origin. A post-M&A survey is a must that can explain (Alkire and Meschi, 2018). There are many incompetent and small-scale organisations that get acquired for its survival and

immediate profitability. It becomes a win-win situation for the acquirer as they get to enter new marketplaces. While a lot of studies are conducted in developed countries like UK and USA, replication in Indian scenario might not be true (Barick and Kapil, 2018). Table 3 lists the number of research papers revealing the items and constructs highlighting the key HR related factors.

3 Research objectives

After analysing the research work conducted so far across the globe on M&A and its impact on the HRs, it was observed that there is an urgent need to find out the “antecedents and consequences of any M&A event in an IT organisation in India in order to develop a success model for implementing the same.” In order to fulfil the main objective of the study, this study attempts to accomplish three sub-objectives of the study. Firstly, to explore the antecedents and consequences of M&As in terms of HRs in IT industry, secondly to take into consideration a combination of all identified antecedents together in order to explain the outcome of M&A on HRs. This involves measurement of perception of employees on various HRI, HRPP and HRO crop up during any merger or acquisition process. Finally, the study will conclude with a recommended model to achieve greater success rate in M&A along with key factors that make management of HRs during any M&A more effective.

The objectives of the study are:

- 1 To identify antecedents of M&As in terms of HRs in IT industry.
- 2 To identify consequences of M&As in terms of HRs in IT industry.
- 3 To validate a model on antecedents and consequences of M&As in IT industry.

4 Research hypotheses

After literature review, an attempt has been made to state the working hypotheses. These research hypotheses are set to be close to being logical as they are the central point and basis for entire research activity. These further helps, in not only directing the research but also concentrate on the questionnaire design, types of data to be collected, associated statistical tests and finally concluding the results. Hence, they must be specific, measurable, achievable, relevant, and timely (SMART). Following hypotheses have been formulated to achieve the research objectives:

Hypothesis 1 HRI have an impact on M&As.

Organisations are primarily run through their HRs and major event in an organisation like M&A would get impacted by them. And if there are humans, there will be some issues among people working together to achieve common goals. M&A becomes a medium of expression wherein these issues need to be captured and evaluated thoroughly on various aspects to arrive at any concrete set of actions that would eventually lead to ultimate goals of M&A – which is synergy. The acquiring firm trusts to realise some amount of

advantages post acquisition, this happens due to realisation of synergy (Verma and Bhattacharyya, 2019). HRI mainly gather momentum during the implementation of M&A (Napier, 1989), mainly around culture (Gill and Foulder, 1978), organisation structure (Adams and Shea, 1986; Mirvis, 1985) and communications (Bastien, 1987; Graves, 1975).

Hypothesis 2 HRPP have an impact on M&As.

All large organisations work within a framework of certain policies and practices, otherwise it will not be able to manage. And in an event wherein two organisations are coming together in the form of merger or acquisition, it becomes imperative to synchronise those. Culture, geography, demographics and people on their own over the period of time develop these and HR works towards making it basic guidelines for smooth operations. Again, the assumption is that these are bound to impact the M&A process, as these would have been existing for long and M&A would be changing those in some aspects. HRPP include HR planning, employee relations, compensation, selection, development and performance appraisal (Bradley and Korn, 1984; Pritchett, 1985), where compensation and benefits policies are first to change (Steele and Osborne, 1983). Some anticipated fluctuations in HR practices leads to voluntary attrition of managers (Brockhaus, 1975).

Hypothesis 3 M&As has an impact on HRO of the acquired companies.

HRO are generally measured in the form of job satisfaction, working conditions, increase in status of the employees post-M&A and what prospects it holds for the employees post the M&A event is completed (Graves, 1975; Sinetar, 1981). Generally, any acquired organisation employees would be apprehensive about the futuristic outcome post-merger. The uncertainties on these need to be addressed and measured considering these definitely impact the HRs who have been working and supporting the erstwhile organisation goals and post-merger, if these are drastically changed – then the employees tend to lose confidence. Employee related outcomes depend on person to person and the way they look at it (Costello et al., 1963; Marks, 1982) and expectations from M&A (Napier, 1989).

Hypothesis 3a M&As has an impact on job satisfaction of the merged or acquired employees.

Hypothesis 3b M&As has an impact on work conditions of the merged or acquired employees.

Hypothesis 3c M&As has an impact on increased status of the merged or acquired employees.

Hypothesis 3d M&As has an impact on prospects for promotion of merged or acquired employees.

5 Research methodology

From research paradigm perspective, two schools of thoughts are prevalent – positivism focusing on quantitative research methods and interpretivism focusing on qualitative research methods. Since M&As is an event. M&As are unsettling phases in any organisation. The existing synergies split between people which causes anxiety and has an impact on HRs and their functioning both pre and post scenarios of M&A.

This study intends to understand the phenomenon by measuring the perception of employees of acquired or merged entity post-M&A on different variables playing an influential role as antecedents and consequences. Thus, using a quantitative research design was considered suitable for the present study. Analysis of the longitudinal literature review from 1985 till 2017 available on the similar topic around the globe is conducted and the key variables were identified which were grouped into multiple constructs within HRI, HR practices and HRO.

Descriptive and causal research design is adopted to achieve the stated research objectives. Initially, exploratory factor analysis (EFA) followed by confirmatory factor analysis (CFA) have been deployed to estimate the results. The exploratory model helped in finding the employees' perception towards the various dimensions of HRI and practices post-M&A in IT industry. The confirmatory model helped in confirming that the developed model is in accordance with the underlying theory.

5.1 Data collection instrument

A structured closed ended questionnaire was built to capture information from employees working in Acquired or merged organisations. The questionnaire was comprised of two sections: first section – basic demographic section. In the second section, statements related to the HRI, HRPP were asked as antecedents and statements on HRO were asked to measure the consequence of M&A on employees.

The responses were recorded on a five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

5.2 Pilot testing and final questionnaire design

For any quantitative study, prior to the data collection being conducted across all the survey respondents, a pilot study becomes essential. "The pilot study is carried out in order to ensure that the questions measure what they are supposed to, the questions are interpreted similarly by all respondents, close-ended questions are applied to all respondents, the questionnaire creates a positive impression, questions are answered correctly and the questionnaire does not suggest any bias" (Balta, 2008; Dillman, 1978). Once the questionnaire was ready, it was shared with HR business professionals and feedback was sought, followed by course corrective measures to make it ready for the larger population. In the final study, final structured questionnaire was deployed.

5.3 Sample and data collection

Perception of employees working in following five organisations from the IT sector are considered, refer Table 4.

An online survey was used via Survey Monkey Internet data gathering site. Following the link and going live, responses began being recorded. Several reminders were needed to prompt an adequate level of participation. After each reminder, a burst of responses were received, eventually netting 291 completes. Over the period of almost 12 months, data was collected, however it took 8 rounds and multiple follow-ups to collect the survey data as most IT resources

Table 4 Acquired organisation location and employee information

<i>Merged/acquired entity</i>	<i>Location of merged/acquired entity</i>	<i>No. of employees acquired</i>
Company A + Company B*	India: Pune, Hyderabad and Chennai	5,000
Company C	India: Chennai, Bangalore and Singapore	291
Company D	UK (London), China (Hangzhou) and Philippines (Manila)	412
Company E	Vietnam (Ho Chi Minh City)	77
Total		5,780

Notes: *Company B was already acquired by Company A, when this study was conducted, hence figures are shown jointly.

Data was collected from acquired firm employee's post 2 yrs of they are being into the new or post acquired organisation. They were randomly selected from employees who had been with the acquired firm before, during, and after the acquisition (Willett, 1990). Many practitioners and academicians have pointed out that determination of the transitional period of any M&A is not direct (Jeanette et al., 1989; Datta, 1986; Galosy, 1990), while one-year period is recommended before evaluating any data for a meaningful analysis (Datta, 1986). Also, according to Hunsaker and Coombs (1988) and Jeanette et al. (1989), the full impact of M&A cannot be felt on employees immediately. Another reason was that "in older acquisitions, resignations and turnover rates in both firms would result in restricted or biased samples" (Datta, 1986). Hence this study was conducted on the five organisations which were merged or acquired at least two or more years before.

Against 1,196 employees of five organisations to whom the survey was sent, 291 respondents participated in the survey.

6 Empirical results

Demographic measures explain key respondent characteristics that might influence opinion and perceptions. Demographic profile: the population sample comprises 78.4% of males and 21.6% females respondents so most of the findings of the present study are more applicable to male employees. 75% of respondents were married, 7.1% were under-graduates, 60.8% of the respondents were graduates, and 32.1% were post-graduates. 40.3%, 56.0% and 3.7% was the breakup of lower level, middle level and higher-level designation/grade of the respondents, maximum work experience/tenure of the respondents were from the group of 6–11 yrs, therefore most of the respondents have experienced pertinent HRI, policies and practices implemented both pre and post-M&A. Table 5 depicts the detailed demographic profile of respondents.

Table 5 Demographics profile of respondents

<i>Demographics</i>	<i>Category</i>	<i>Response percent (%)</i>	<i>Response count</i>
Age	21–25 yrs	7.1	19
	26–30 yrs	30.6	82
	31–40 yrs	47.4	127
	41–50 yrs	9.7	26
	50 yrs or older	5.2	14
Gender	Female	21.6	58
	Male	78.4	210
Marital status	Single	25.0	67
	Married	75.0	201
Current designation/ grade in organisation	Lower level management	40.3	108
	Middle level management	56.0	150
	Senior level management	3.7	10
Time in current job	Fresher–6 years	35.8	96
	6–11 years	51.9	139
	11–20 years	12.3	33
Income	2–3 lakhs	5.6	15
	3.01–5 lakhs	15.3	41
	5.01–8 lakhs	19.0	51
	8.01–10 lakhs	16.0	43
	10.01–15 lakhs	23.9	64
	15.01–20 lakhs	6.7	18
	20.01–35 lakhs	7.5	20
	Above 35 lakhs	6.0	16
Education	Undergraduate	7.1	19
	Graduate	60.8	163
	Postgraduate	32.1	86

6.1 Results of EFA of constructs HRI, HRPP and HRO

- Results of EFA of HRI renders six distinct factors: First factor consist of 14 statements and it was given the name of *communication*. Second factor consist of eight statements and it was given the name of *organisation culture*. Third factor consist of five statements and it was given the name of *band/work level/designation*. Fourth factor consist of seven statements and it was given the name of *organisational value*. Fifth factor consist of five statements and it was given the name of *pace of integration*. Sixth factor consist of four statements and it was given the name of *processes*.
- Results of EFA of HRPP renders eight distinct factors: First factor consist of six statements and it was given the name of *compensation policy*. Second factor consist of five statements and it was given the name of *vacation policy*. Third factor consist

of four statements and it was given the name of *training policy*. Fourth factor consist of four statements and it was given the name of *transfer policy*. Fifth factor consist of four statements and it was given the name of *business travel policy*. Sixth factor consist of four statements and it was given the name of *bonus policy*. Seventh factor consist of three statements and it was given the name of *termination policy*. Eighth factor consist of three statements and it was given the name of *medical policy*.

- Results of EFA of HRO renders four distinct factors: First factor consist of 15 statements and it was given the name of *job satisfaction*. Second factor consist of three statements and it was given the name of *increased status*. Third factor consist of three statements and it was given the name of *working conditions*. Fourth factor consist of three statements and it was given the name of *prospects and promotion*.

In AMOS 20.0, data was analysed using the structural equation modelling.

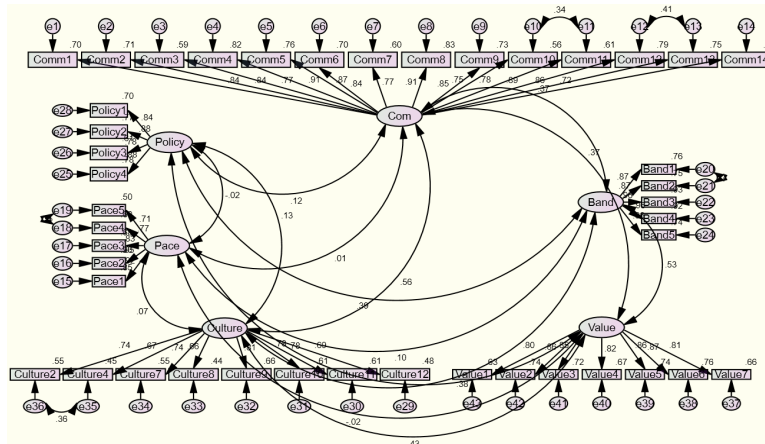
6.2 Results of CFA for HRI, HRPP and HRO

In this research study a two-step data analysis procedure as recommended by Anderson and Garbing's (1988) has been followed, which comprises of two parts: first estimation of the measurement model (CFA) and second estimation of the proposed structural model. The CFA is a measurement model. It is used to assess the goodness of fit of the measurement model corresponding to the given data. It is used to test the reliability and validity of the constructs taken in the study (Fabrigar et al., 1999).

6.2.1 HR issues

The construct 'HRI' is reflected by 43 statements. The construct is being represented through the measured variables that are assigned to its latent construct by drawing graphical arrows from the construct to its measured variables. Figure 1 shows the construct and variables.

Figure 1 Measurement model CFA of 'HRI' (see online version for colours)

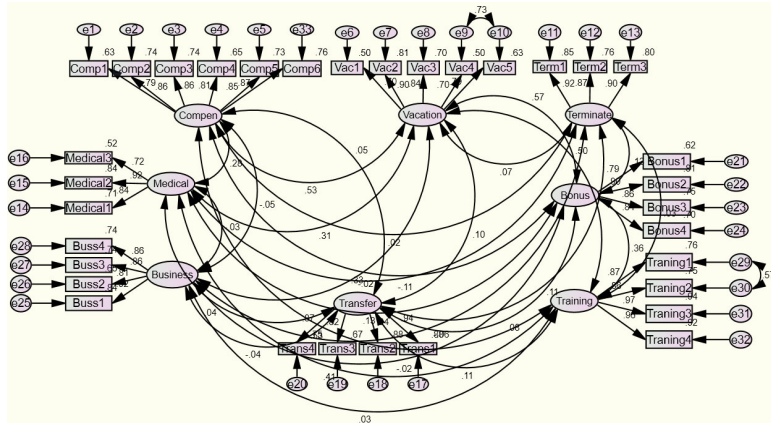


Source: This figure has been created by the author. Statistical analyses are performed using AMOS software package

6.2.2 HR policies and practices

The construct ‘HRPP’ is reflected by 33 statements. The construct is being represented through the measured variables that are assigned to its latent construct by drawing graphical arrows from the construct to its measured variables. Figure 2 shows the construct and variables.

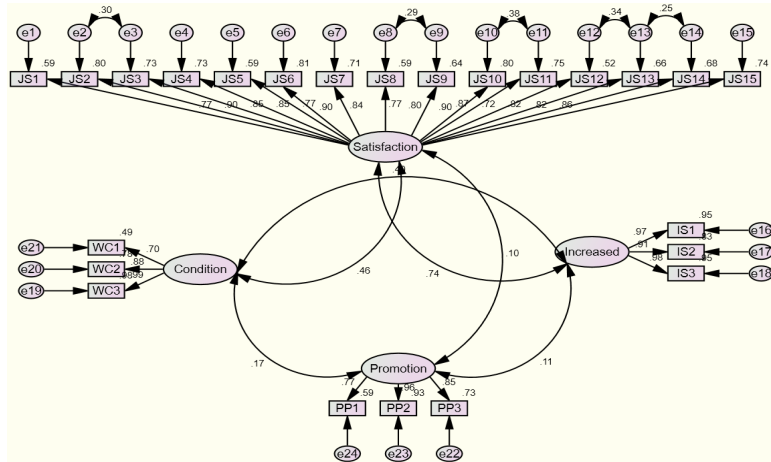
Figure 2 CFA of ‘HRPP’ (see online version for colours)



Source: This figure has been created by the author. Statistical analyses are performed using AMOS software package

The construct ‘HRO’ is reflected by 24 statements. The construct is being represented through the measured variables that are assigned to its latent construct by drawing graphical arrows from the construct to its measured variables. Figure 3 shows the construct and variables.

Figure 3 CFA of ‘HRO’ (see online version for colours)



Source: This figure has been created by the author. Statistical analyses are performed using AMOS software package

6.3 Results of model fit of HRI, HRPP and HRO

The statistical fitness of the HRI construct, HRPP construct and HRO construct as a measurement model is also tested. The goodness of statistical fit indices along with the badness of fit indices is shown in Table 6.

Table 6 Statistically fit indices for HRI, HRPP, and HRO

<i>HR issues</i>					
<i>Goodness of fit indices</i>			<i>Badness of fit indices</i>		
<i>CMIN/DF</i>	<i>CFI</i>	<i>IFI</i>	<i>RMSEA</i>	<i>LO 90</i>	<i>HI 90</i>
2.091	0.916	0.917	0.064	0.060	0.068
<i>HR policies and practices</i>					
<i>Goodness of fit indices</i>			<i>Badness of fit indices</i>		
<i>CMIN/DF</i>	<i>CFI</i>	<i>IFI</i>	<i>RMSEA</i>	<i>LO 90</i>	<i>HI 90</i>
1.699	0.958	0.958	0.051	0.045	0.057
<i>HR outcomes</i>					
<i>Goodness of fit indices</i>			<i>Badness of fit indices</i>		
<i>CMIN/DF</i>	<i>CFI</i>	<i>IFI</i>	<i>RMSEA</i>	<i>LO 90</i>	<i>HI 90</i>
2.566	0.945	0.945	0.077	0.069	0.084

A model fit index accesses how well a proposed model captures the covariance between all the items or measures in the model (Hair et al., 1998). The Normed chi-square (CMIN/DF) should be less than 3, but preferably 2 (Hair et al., 2010). The model fit indices can be accessed with the help of comparative fit index (CFI), incremental fit index (IFI) and the root mean square error of approximation (RMSEA). The cut-off criteria of fit indices for CFA models should be as follows: CFI > 0.95 great or >0.90 traditional or >0.80 sometimes permissible; IFI > 0.90; RMSEA < 0.05 good or between 0.05 and 0.10 moderate and >0.80 sometimes permissible; the lower bound (LO) of RMSEA with 90% confidence interval should be <0.08 and higher bound (HI) of RMSEA with 90% CI should be <1.5 (Hair et al., 2010). In the present study model fit indices has been explained, taking the above fit criteria under consideration.

From Table 6 of HRI, CMIN/DF value is 2.091 which is <3, IFI values are greater than 0.9 which indicates a good model fit. The CFI value is higher than 0.90 and RMSEA value is 0.06 which indicate very good model fit. The LO 90 and HI 90 with 90% confidence interval are within the range of fitness.

From Table 6 of HRPP, CMIN/DF value is 1.699 which is <3, IFI values are greater than 0.9 which indicates a good model fit. The CFI value is higher than 0.90 and RMSEA value is 0.05 which indicate very good model fit. The LO 90 and HI 90 with 90% confidence interval are within the range of fitness.

From Table 6 on HRO, CMIN/DF value is 2.566 which is <3, IFI values are greater than 0.9 which indicates a good model fit. The CFI value is higher than 0.90 and RMSEA value is 0.07 which indicate very good model fit. The LO 90 and HI 90 with 90% confidence interval are within the range of fitness.

The value of goodness of fit indices of HRI, HRPP and HRO indicates that the all the constructs as a measurement model are statistically fit. The results indicate that the measurement model fits the sample data satisfactorily. Hence the measurement of factors

affecting HRI, HRPP and HRO shows excellent fit to the obtained data based on selected goodness of fit statistically.

6.4 Testing reliability and validity of the CFA of HRI, HRPP and HRO

Table 7 Validity of HRI

<i>Factors</i>	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>ASV</i>	<i>Culture</i>	<i>Com</i>	<i>Pace</i>	<i>Band</i>	<i>Policy</i>	<i>Value</i>
Culture	0.905	0.544	0.314	0.132	0.737					
Com	0.969	0.691	0.314	0.121	0.560	0.831				
Pace	0.922	0.706	0.009	0.003	0.071	0.006	0.840			
Band	0.958	0.820	0.281	0.146	0.382	0.375	0.097	0.905		
Processes	0.909	0.715	0.155	0.054	0.126	0.116	-0.015	0.394	0.846	
Value	0.943	0.702	0.281	0.137	0.425	0.371	-0.018	0.530	0.291	0.838

Table 8 Validity of HRPP

<i>Factors</i>	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>ASV</i>	<i>Business</i>	<i>Compen</i>	<i>Vacation</i>	<i>Terminate</i>	<i>Medical</i>	<i>Transfer</i>	<i>Bonus</i>	<i>Training</i>
Business	0.921	0.744	0.004	0.001	0.862							
Compen	0.936	0.708	0.286	0.108	-0.047	0.841						
Vacation	0.892	0.626	0.327	0.137	-0.016	0.526	0.791					
Terminate	0.925	0.804	0.017	0.007	-0.060	0.018	0.072	0.897				
Medical	0.868	0.688	0.168	0.054	-0.035	0.285	0.309	-0.112	0.830			
Transfer	0.939	0.794	0.013	0.006	-0.035	0.051	0.096	0.113	0.040	0.891		
Bonus	0.911	0.720	0.327	0.086	-0.017	0.332	0.572	0.130	0.127	0.076	0.848	
Training	0.954	0.839	0.286	0.120	0.035	0.535	0.496	0.026	0.410	0.105	0.356	0.916

Table 9 Validity of HRO

<i>Factors</i>	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>ASV</i>	<i>Increased status</i>	<i>Satisfaction</i>	<i>Work condition</i>	<i>Promotion</i>
Increased status	0.969	0.912	0.543	0.239	0.955			
Satisfaction	0.971	0.689	0.543	0.254	0.737	0.830		
Work condition	0.898	0.750	0.209	0.133	0.401	0.457	0.866	
Promotion	0.899	0.749	0.030	0.018	0.110	0.104	0.172	0.865

6.4.1 Reliability

Table 6 shows that the CR for all the constructs is greater than 0.70. It is found that CR for HRI ranges between 0.905 and 0.969 for all the variables, CR for HRPP ranges between 0.868 and 0.954 for all the variables, and CR for HRO ranges between 0.898 and

0.969 for all the variables, which indicates the internal consistency of the measure (Hair et al., 2010; Nunnally, 1978).

6.4.2 Convergent validity

As per the criteria, $CR > 0.7$, $AVE > 0.5$ and $CR > AVE$, all these are fulfilled by the items of HRI, HRPP, and HRO. This means the convergent validity of the all the constructs HRI, HRPP, HRO are ensured. The AVE for all the constructs is also found to be more than 0.5. The AVE for the six factors of HRI ranges between 0.544 and 0.820. The AVE for the six factors of HRPP ranges between 0.626 and 0.839. The AVE for the six factors of HRO ranges between 0.689 and 0.912. In addition to this the CR is more the AVE for all the factors. Thus, it can be concluded that the factors in the measurement model have adequate convergent validity.

6.4.3 Discriminant validity

As per the criteria, square root of AVE should be greater than inter-construct correlations. The results show that MSV as well as ASV is lower than AVE for all the constructs which show the presence of sufficient discriminant validity.

7 Hypotheses testing results

In this study, all hypotheses were tested using a minimum significance level of 0.05. It is the most widely used level of significant in social sciences (Bakeman, 1992):

- If sig. (P value) is less than / < 0.05 : There is a statistically significant relationship. Alternate Hypotheses H1 is accepted.
- If sig. (P value) is greater than / > 0.05 : There is no statistically significant relationship. We fail to reject null hypotheses H0.

7.1 Hypothesis 1: HRI have an impact on M&As

$$H_0: \beta = 0, \mu_1 = \mu_2; H_1: \beta \neq 0, \mu_1 \neq \mu_2$$

where μ_1 = M&As and μ_2 = HRI.

To test Hypothesis H1, we carried bivariate regression analysis, a form of general linear modelling, is a statistical technique used to examine the relationship between a single dependent variable, here, M&As and a set of independent variable HRI [communication (Comm), pace of integration (POI), band level/work level (WL), policy and processes (POP), and values (Val)].

7.1.1 Research design of a regression analysis

The survey obtained 268 respondents, which provided complete response, resulting in 268 observations available for analysis from every organisation meant for the research study for this purpose. The first question to be answered concerning sample size is the level of relationship (R^2) that can be detected reliably with the proposed regression analysis. The proposed regression analysis is deemed enough to identify not only

statistically significant relationship but also relationships that had managerial significance. This also ensured achieving the basic expectations of regression analysis, testing the individual dependent and independent variable, and testing the overall relationship after model estimation.

For individual variable, major assumptions are normality, constant variance, and linearity. The first step is to build regression equation using this best independent variable. The results are shown in Table 10.

Table 10 Hypothesis 1: model summary

<i>Model</i>	<i>R</i>	<i>R square</i>	<i>Adjusted R square</i>	<i>Std. error of the estimate</i>	<i>Change statistics</i>				
					<i>R square change</i>	<i>F change</i>	<i>df1</i>	<i>df2</i>	<i>Sig. F change</i>
1	0.750 ^a	0.562	0.552	1.040	0.562	55.787	6	261	0.000

Notes: ^apredictors: (constant), Val, POI, PP, Comm, Cul, and Work_Level.

Higher value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 9, the value of R is 0.750, which is close to 1. Results of the regression analysis showed that independent variable HRI explained 56.2% of variations in M&As.

Table 11 Hypothesis 1: ANOVA^a

<i>Model</i>		<i>Sum of squares</i>	<i>Df</i>	<i>Mean square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	362.196	6	60.366	55.787	0.000 ^b
	Residual	282.424	261	1.082		
	Total	644.620	267			

Notes: ^adependent variable: M&As.

^bpredictors: (constant), Val, POI, PP, Comm, Cul, and Work_Level.

As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Table 12 Hypothesis 1: coefficients^a

<i>Model</i>		<i>Unstandardised coefficients</i>		<i>Standardised coefficients</i>	<i>t</i>	<i>Sig.</i>
		<i>B</i>	<i>Std. error</i>	<i>Beta</i>		
1	(Constant)	0.275	0.526		0.522	0.602
	Comm	0.184	0.069	0.133	2.652	0.008
	POI	−0.212	0.102	−0.085	−2.068	0.040
	Work_Level	0.465	0.056	0.433	8.381	0.000
	PP	0.045	0.069	0.029	0.654	0.514
	Cul	0.341	0.069	0.254	4.966	0.000
	Val	0.166	0.064	0.129	2.597	0.010

Note: ^adependent variable: M&As.

Results showed that there is significant and positive impact of communication, work level, culture and value on M&A and negative impact of pace of integration on M&As, as

p-value is less than 0.05. There is an insignificant relationship between policy and processes and M&As.

Figure 4 Hypothesis 1 diagram (see online version for colours)

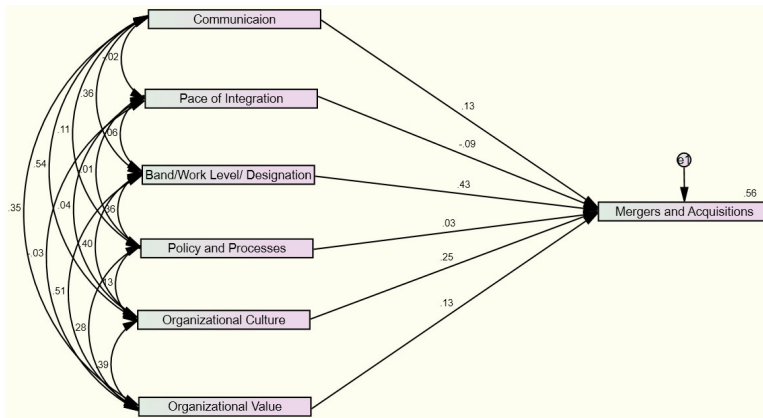


Table 13 Hypothesis 1: regression weights: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>	<i>SE</i>	<i>CR</i>	<i>P</i>	<i>Label</i>
MA <--- Comm	0.184	0.069	2.682	0.007	
MA <--- POI	-0.212	0.101	-2.091	0.037	
MA <--- Work_Level	0.465	0.055	8.476	***	
MA <--- PP	0.045	0.068	0.661	0.508	
MA <--- Cul	0.341	0.068	5.023	***	
MA <--- Val	0.166	0.063	2.627	0.009	

Note: *** indicates $p < 0.001$

Table 13 presents the unstandardised regression weights in the CFA model. As is evident from Table 13, all the weights except policy and processes are significant at the 1% level; it determines that a very good model fit is obtained. It indicates that work level is most influencing criteria for the successful M&As. This is followed by the measured variable organisational culture. As is evident from Table 13, all the composite reliability values except PP are above 0.7. It concludes a good model fit, further explaining that the original data had maximum variation.

Table 14 Hypothesis 1: standardised regression weights: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>
MA <--- Comm	0.133
MA <--- POI	-0.085
MA <--- Work_Level	0.433
MA <--- PP	0.029
MA <--- Cul	0.254
MA <--- Val	0.129

Table 14 presents the standardised regression weights in the CFA model. Standardised regression weight tells that which statement is most important for a factor. So, in Table 14, for factor work level statement came out to be the key item.

Table 15 Hypothesis 1: squared multiple correlations: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>
MA	0.562

Table 15 presents the results of the correlation estimates. The estimate column presents the values of the coefficient of correlation. The estimated correlations are all above 0.5. Thus, it is found that there are relationships among the various statements of each factor as squared multiple correlations shows how much variance in the factor is explained by a statement.

7.2 Hypothesis 2: HRPP have an impact on M&As

Higher value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 15, the value of R is 0.515, which is more than 0.5. Results of the regression analysis showed that independent variables explained 26.5% of variance in M&As.

Table 16 Hypothesis 2: model summary

<i>Model</i>	<i>R</i>	<i>R square</i>	<i>Adjusted R square</i>	<i>Std. error of the estimate</i>	<i>Change statistics</i>				
					<i>R square change</i>	<i>F change</i>	<i>df1</i>	<i>df2</i>	<i>Sig. F change</i>
1	0.515 ^a	0.265	0.242	1.136	0.265	11.659	8	259	0.000

Notes: ^apredictors: (constant), training, termination, business travel, transfer, bonus, medical, compensation, and vacation.

Table 17 Hypothesis 2: ANOVA^a

<i>Model</i>	<i>Sum of squares</i>	<i>Df</i>	<i>Mean square</i>	<i>F</i>	<i>Sig.</i>
1 Regression	120.393	8	15.049	11.659	0.000 ^b
Residual	334.298	259	1.291		
Total	454.691	267			

Notes: ^adependent variable: M&As.

^bpredictors: (constant), training, termination, business travel, transfer, bonus, medical, compensation, and vacation.

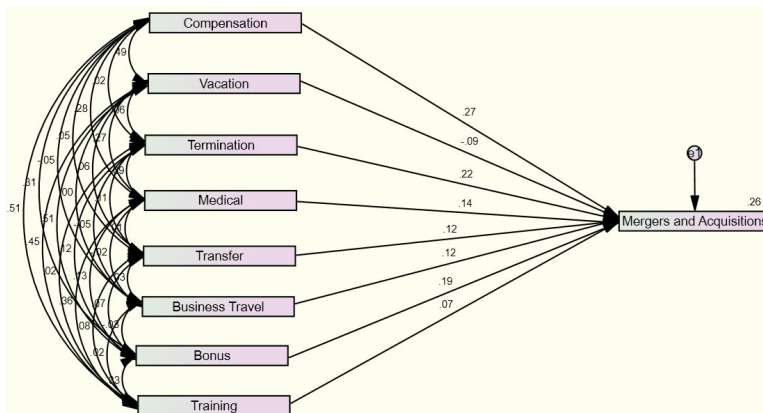
As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Results showed that there is significant and positive impact of compensation policy, termination policy, medical policy, transfer policy, business travel policy and bonus policy on M&A as p-value is less than 0.05. There is an insignificant relationship between Training Policy, vacation policy with M&As.

Table 18 Hypothesis 2: coefficients^a

Model	Unstandardised coefficients		Standardised coefficients	T	Sig.
	B	Std. error	Beta		
1 (Constant)	-0.964	0.650		-1.484	0.139
Compensation	0.285	0.071	0.268	4.025	0.000
Vacation	-0.100	0.077	-0.090	-1.296	0.196
Termination	0.254	0.062	0.224	4.118	0.000
Medical	0.181	0.075	0.140	2.401	0.017
Transfer	0.125	0.058	0.115	2.139	0.033
Bonus	0.209	0.069	0.189	3.006	0.003
Business travel	0.244	0.109	0.120	2.236	0.026
Training	0.060	0.060	0.067	1.007	0.315

Note: ^adependent variable: M&As.

Figure 5 Hypotheses 2 diagram (see online version for colours)**Table 19** Hypothesis 2: regression weights: group number 1 – default model

Factors		Estimate	SE	CR	P	Label
Merger	<--- Comp	0.285	0.070	4.087	***	
Merger	<--- Vac	-0.100	0.076	-1.316	0.088	
Merger	<--- Term	0.254	0.061	4.181	***	
Merger	<--- Med	0.181	0.074	2.438	0.015	
Merger	<--- Trans	0.125	0.058	2.172	0.030	
Merger	<--- Bon	0.209	0.068	3.052	0.002	
Merger	<--- Tran	0.060	0.059	1.022	0.307	
Merger	<--- Buss	0.244	0.108	2.271	0.023	

Note: *** indicates $p < 0.001$

Table 19 shows the unstandardised regression weights in the CFA model. Since the weights are significant at 1% level, it determines that a very good model fit is obtained.

It indicates that compensation policy is most influencing criteria for the successful M&As. This is followed by the measured variable termination policy. As is evident from Table 19, all the composite reliability values are above 0.7. It concludes a good model fit, further explaining that the original data had maximum variation.

Table 20 Hypothesis 2: standardised regression weights: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>
Merger <--- Comp	0.268
Merger <--- Vac	-0.090
Merger <--- Term	0.224
Merger <--- Med	0.140
Merger <--- Trans	0.115
Merger <--- Bon	0.189
Merger <--- Tran	0.067
Merger <--- Buss	0.120

In Table 20 standardised regressions weight tells that which statement is most important for a factor. So, in Table 20, for factor for compensation statement came out to be the key item.

Table 21 Hypothesis 2: squared multiple correlations: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>
Merger	0.265

Table 21 shows the outcomes of the correlation estimates. The estimate column shows the values of the coefficient of correlation. Since the estimated correlations are above 0.05, it is found that there are relationships among the various statements of each factor as squared multiple correlations shows how much variance in the factor is explained by a statement.

7.3 Hypothesis 3: M&As has an impact on HRO of the acquired companies

7.3.1 Hypothesis 3a: M&As has an impact on job satisfaction of the merged or acquired employees

Higher value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 21, the value of R is 0.479, which is close to 0.5. Results of the regression analysis showed that independent variables M&As explained 22.9% of variance in Job satisfaction of the merged or acquired employees.

Table 22 Hypothesis 3a: model summary

<i>Model</i>	<i>R</i>	<i>R square</i>	<i>Adjusted R square</i>	<i>Std. error of the estimate</i>	<i>Change statistics</i>				
					<i>R square change</i>	<i>F change</i>	<i>df1</i>	<i>df2</i>	<i>Sig. F change</i>
1	0.479 ^a	0.229	0.227	0.98264	0.229	79.195	1	266	0.000

Notes: ^apredictors: (constant), M&As.

Table 23 Hypothesis 3a: ANOVA^a

<i>Model</i>	<i>Sum of squares</i>	<i>Df</i>	<i>Mean square</i>	<i>F</i>	<i>Sig.</i>
1 Regression	76.469	1	76.469	79.195	0.000 ^b
Residual	256.845	266	0.966		
Total	333.314	267			

Notes: ^adependent variable: job satisfaction.

^bpredictors: (constant), M&As.

As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Table 24 Hypothesis 3a: coefficients^a

<i>Model</i>	<i>Unstandardised coefficients</i>		<i>Standardised coefficients</i>	<i>T</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. error</i>	<i>Beta</i>		
1 (Constant)	1.073	0.139		7.728	0.000
Mergers and acquisitions	0.344	0.039	0.479	8.899	0.000

Note: ^adependent variable: job satisfaction.

Results showed that there is significant and positive impact of M&A on perception of job satisfaction of the merged or acquired employees as p-value is less than 0.05.

7.3.2 Hypothesis 3b: M&As has an impact on work conditions of the merged or acquired employees

Higher value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 24, the value of R is 0.414, which is close to 0.5. Results of the regression analysis showed that independent variables M&As explained 16.8% of variance in work conditions of the merged or acquired employees.

Table 25 Hypothesis 3b: model summary model summary

<i>Model</i>	<i>R</i>	<i>R square</i>	<i>Adjusted R square</i>	<i>Std. error of the estimate</i>	<i>Change statistics</i>				
					<i>R square change</i>	<i>F change</i>	<i>df1</i>	<i>df2</i>	<i>Sig. F change</i>
1	0.414 ^a	0.171	0.168	1.12720	0.171	55.054	1	266	0.000

Notes: ^apredictors: (constant), M&As.

Table 26 Hypothesis 3b: ANOVA^a

<i>Model</i>	<i>Sum of squares</i>	<i>Df</i>	<i>Mean square</i>	<i>F</i>	<i>Sig.</i>
1 Regression	69.950	1	69.950	55.054	0.000 ^b
Residual	337.972	266	1.271		
Total	407.922	267			

Notes: ^adependent variable: work conditions.

^bpredictors: (constant), M&As.

As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Table 27 Hypothesis 3b: coefficients^a

<i>Model</i>	<i>Unstandardised coefficients</i>		<i>Standardised coefficients</i>	<i>T</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. error</i>	<i>Beta</i>		
1 (Constant)	2.165	0.159		13.598	0.000
Mergers and acquisitions	0.329	0.044	0.414	7.420	0.000

Note: ^adependent variable: work conditions.

Results showed that there is significant and positive impact of M&A on perception of work conditions as p-value is less than 0.05.

7.3.3 Hypothesis 3c: M&As has an impact on perception of increased status of the merged or acquired employees

Higher value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 27, the value of R is 0.488, which is close to 0.5. Results of the regression analysis showed that independent variables M&As explained 23.8% of variance in perception of Increased status of the merged or acquired employees.

Table 28 Hypothesis 3c: model summary

<i>Model</i>	<i>R</i>	<i>R square</i>	<i>Adjusted R square</i>	<i>Std. error of the estimate</i>	<i>Change statistics</i>				
					<i>R square change</i>	<i>F change</i>	<i>df1</i>	<i>df2</i>	<i>Sig. F change</i>
1	0.488 ^a	0.238	0.235	1.24438	0.238	83.069	1	266	0.000

Notes: ^apredictors: (constant), M&As.

Table 29 Hypothesis 3c: ANOVA^a

<i>Model</i>	<i>Sum of squares</i>	<i>Df</i>	<i>Mean square</i>	<i>F</i>	<i>Sig.</i>
1 Regression	128.629	1	128.629	83.069	0.000 ^b
Residual	411.893	266	1.548		
Total	540.522	267			

Notes: ^adependent variable: increased status.

^bpredictors: (constant), M&As.

Table 30 Hypothesis 3c: coefficients^a

<i>Model</i>	<i>Unstandardised coefficients</i>		<i>Standardised coefficients</i>	<i>T</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. error</i>	<i>Beta</i>		
1 (Constant)	0.878	0.176		4.994	0.000
Mergers and acquisitions	0.447	0.049	0.488	9.114	0.000

Note: ^adependent variable: increased status.

As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Results showed that there is significant and positive impact of M&A on perception of increased status of the merged and acquired employees as p-value is less than 0.05.

7.3.4 Hypothesis 3d: M&As has an impact on prospects for promotion of merged or acquired employees

Value of R indicates that predicted values of Y are closer to actual values, which means the regression model is a good fit. In Table 30, the value of R is 0.263 which is close to 0.5. Results of the regression analysis showed that independent variable M&As explained 6.9% of variance in perception of prospects for promotion of merged or acquired employees.

Table 31 Hypothesis 3d: model summary

Model	R	R square	Adjusted R square	Std. error of the estimate	Change statistics				
					R square change	F change	df1	df2	Sig. F change
1	0.263 ^a	0.069	0.066	0.99741	0.069	19.813	1	266	0.000

Notes: ^apredictors: (constant), M&As.

Table 32 Hypothesis 3d: ANOVA^a

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	19.711	1	19.711	19.813	0.000 ^b
	Residual	264.622	266	0.995		
	Total	284.333	267			

Notes: ^adependent variable: prospects and promotion.

^bpredictors: (constant), M&As.

As P value is less than 0.05, it indicated that there exists a linear relation between set of predictor variables and dependent variable. The regression model is a good fit.

Table 33 Hypothesis 3d: coefficients^a

Model		Unstandardised coefficients		Standardised coefficients	T	Sig.
		B	Std. error	Beta		
1	(Constant)	3.767	0.141		26.736	0.000
	Mergers and acquisitions	0.175	0.039	0.263	4.451	0.000

Note: ^adependent variable: prospects and promotion.

Results showed that there is significant and positive impact of M&A on perception of prospects for promotion as p-value is less than 0.05.

Table 34 shows the unstandardised regression weights in the CFA model. Since the weights are significant at 1% level, it determines that a very good model fit is obtained.

It indicates that increased status is most important consequence of successful M&As. This is followed by the job satisfaction. As is evident from Table 34, all the composite

reliability values are above 0.7. It concludes a good model fit, further explaining that the original data had maximum variation.

Figure 6 Hypotheses 3 diagram (see online version for colours)

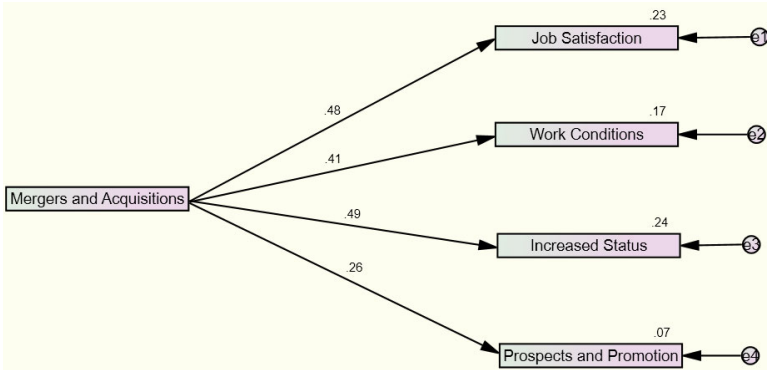


Table 34 Hypothesis 3: regression weights: group number 1 – default model

Factors			Estimate	SE	CR	P	Label
WC	<---	MA	0.329	0.044	7.434	***	
IS	<---	MA	0.447	0.049	9.131	***	
Promotion	<---	MA	0.175	0.039	4.460	***	
JS	<---	MA	0.344	0.039	8.916	***	

Note: *** indicates $p < 0.001$

Table 35 Hypothesis 3: standardised regression weights: group number 1 – default model

Factors			Estimate
WC	<---	MA	0.414
IS	<---	MA	0.488
Promotion	<---	MA	0.263
JS	<---	MA	0.479

Table 35 presents the standardised regression weights in the CFA model. As is evident from Table 35, all the weights are close to 0.5 except prospects for promotion. It concludes a good model fit, further explaining that the original data had maximum variation.

Standardised regression weight tells that which factor is most important for the construct HRO. So, in Table 35, factor increased status came out to be the key factor of construct HRO.

Table 36 presents the results of the correlation estimates, which are all above 0.05. Thus, it is found that there are relationships among the various statements of each factor as squared multiple correlations shows how much variance in the factor is explained by each statement.

Table 36 Hypothesis 3: squared multiple correlations: group number 1 – default model

<i>Factors</i>	<i>Estimate</i>
JS	0.229
Promotion	0.069
IS	0.238
WC	0.171

The results of the regression analysis show that two theoretically identified antecedents-HRI and HR policies are significant predictors (adjusted R squared = 56.2 and 26.5) of M&A. Therefore, HRI like communication, pace of integration, work level, organisational culture and organisational value must be worked out in detail pre-M&A. Similarly, HR policies like compensation policy, termination policy, medical policy, transfer policy, business travel policy and bonus policy should also be framed appropriately to create positive effect on process of M&A.

M&A lead to various consequences in the form of HRO like job satisfaction ($\beta = 0.479$, $p < 0.001$), increased status ($\beta = 0.488$, $p < 0.05$), work conditions ($\beta = 0.414$, $p < 0.05$), prospects for promotion ($\beta = 0.263$, $p < 0.001$). It was also found that most important consequence of M&A phenomenon on HRs is their perception on status of acquired or merged employees post acquisition or merger.

8 Findings and discussion

Previously conducted studies have examined how individual variables like communication, organisational culture, organisational values, HR policies influence M&A process. Individual studies examining the effect of M&As on employee attitude and behaviour is also evident in literature. But none of the studies integrated (Viswanathan, 2020) all HR constructs affecting M&A in the form of its antecedents and consequences and tried to validate the integrated model.

Table 37 Hypotheses results summary

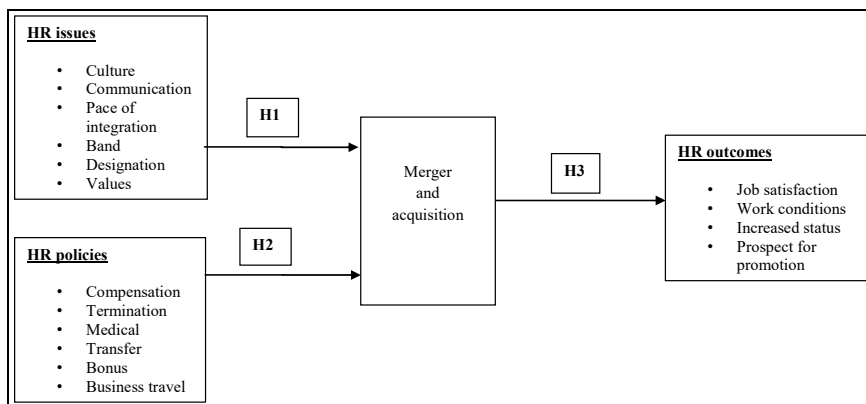
<i>Hypotheses</i>	<i>Statement (s)</i>	<i>Result</i>
H1	HR issues has an impact on mergers and acquisitions	Accepted
H2	Human resource policies and practices have an impact on mergers and acquisitions	Accepted
H3	Mergers and acquisitions has an impact on human resource outcomes of the acquired companies	Accepted
H3a	Mergers and acquisitions has an impact on job satisfaction of the merged or acquired employees	Accepted
H3b	Mergers and acquisitions has an impact on work conditions of the merged or acquired employees	Accepted
H3c	Mergers and acquisitions has an impact on increased status of the merged or acquired employees	Accepted
H3d	Mergers and acquisitions has an impact on prospects for promotion of merged or acquired employees	Accepted

In recent years, practitioners, academicians and researchers opined that there is a need for an integrated approach rather than individual approach towards implementing HR practices and HR strategies in order to make M&A successful (Poddar, 2019; Aristos et al., 2018) and eventually evaluate their impact on various employee outcomes.

Therefore, this study aims to measure the HR factors and issues pertinent to pre-M&A stage and its consequences post-M&A. Primary data using structured questionnaire is collected from 268 employees from five organisations which were merged or acquired at least two or more years before. Based on the results of the analysis, in Table 37 hypotheses are accepted.

Based on the acceptance of proposed hypothesis relationship between identified constructs: HRI, HR policies, M&As and HRO, a newer perspective towards the relationship between HRI, HR policies and HRO is presented through this piece of research under the event of M&A.

Figure 7 Model post statistical validations



Typical M&A outcomes post all the integration is over lies on the synergy developed among acquiring organisation and the acquired employees. The buying company can gain lot of essentials and brace competitive position from the acquired organisation (Krüger and Müller-Stewens, 1994). A perception change is required from other facets of an organisation namely finance, sales and leadership that also considers HR function to be more strategic and a partner during M&A, as generally, HR contribution is not considered in the organisation performance (Tanure, 2005).

HR management not visible enough or not being considered as adding value in the process of integration may cost to the outcome of the M&A. As organisation change processes is something which becomes crucial during the entire process of integration of two organisations, thereby helping built the synergies and strengthening the strategic capabilities. A common perception from other functional areas in an organisation needs to be reversed, that HRM function only comes for resource transfers on paper, wherein it should be right from the beginning of the due diligence, throughout and until the entire process is completed and becomes business as usual for all.

Both acquire and acquired organisation might be functioning totally differently in terms of general operations. May be one is completely centralised and works uniformly across the geographies. Whereas, other might be decentralised and operating regionally, the way it suits local employees. This might be a very big challenge during integration

process. Retention of both these models could be good idea and considered independent for the merging organisations, considering those have limited communication among companies, its products and associated market strategies and distinct channels (Chang, 2001).

Migrating both companies to a different new model, or adopting one model, would be appropriate when a common product offering exists, and the corporate hierarchy is with centralised management. To accommodate single model of business, enterprise wide solution makes more sense.

9 Conclusions

M&As is a very important strategy of organisational expansion and organised growth. However, most of the M&As are failing across the globe due to negligence on the part of management of acquire company. Due diligence process is important to ensure not only financial compliance but HR compliance between the two entities. The present study proposes an extensive, integrated and validated framework to explain the complete M&A process.

9.1 Theoretical implications

The findings of this study contribute to the existing literature by presenting a comprehensive framework on the antecedents and consequences of M&As in IT sector organisations of India. This paper contributes in terms of further expanding and broadening proposed theoretical framework that observes various aspects that impact HRs based on decisions made during the entire M&A process. In fact, this study goes beyond life after two years of completion of the merger that gives the entire perspective of the employee's right from pre-merger, during merger and post-merger scenarios. The lifecycle within which various interim decisions were being thrown upon them and its effect on individuals across five IT organisations in different geographies is being evaluated with quantitative research approach.

Erstwhile studies on this subject were limited to tactical management and not focusing on the human aspect, failing to correlate the association of M&A facets and impact on people. This framework is examined both theoretically and empirically. The research brings in a very strong perspective of Asian regions like India in the context of M&A outcome. While longitudinal studies across the group a majorly focused (Prakash, 2017) on USA, UK regions, this brings in a fresh new perspective from other regions. It automatically becomes significant and adds up to bring in further comparative studies on same topic.

The accessibility to IT employees is very safe guarded, particularly when it comes to post-acquisition era in the organisations. The fact that the study was able to be complete itself contributes to this topic, primarily in India. The sample is a good representation considering the environmental circumstances in this industry.

9.2 Managerial implications

This study adds value by suggesting which HRI and HR policies are most important predictor of any successful M&As and throws light on consequences of people enabled M&A process.

This research study is helpful in providing better understanding of the predictors and outcomes of M&As specifically in Indian context. In order to make any M&A event successful, organisations, strategists, managers and practitioners need to identify factors or drivers that potentially leads to positive employee outcomes post-M&A to make the merged or acquired entity sustainable. The findings suggest that HR strategist need to revisit past to review the schedule of the organisation to conduct any M&A event and need to implant, formulate, redesign or restructure HR strategies of both the entities based on identified HRI and HRPP such as communication, pace of integration, work level, organisational culture and organisational value, compensation policy, termination policy, medical policy, transfer policy, business travel policy, bonus policy, etc. Practically this study suggests HRPP driven M&A process for the organisation in this competitive edge. This research study has considered the IT sector organisations in India that have not (Bobby, 2018) been endeavoured before as earlier studies have been concentrated more on western countries. The result of the study is congruent with the previous studies by establishing a positive relationship between identified constructs of impact of M&A process on employees in the form of antecedents and consequences and also concludes that People driven M&A process has positive influence on various employee outcomes.

10 Limitations of study and future directions

Impact of some demographic variables (education, gender, age, tenure of work, marital status, and nationality) has not been explored as they may have a moderating effect on perception of HR variables affecting M&As. Same study may be replicated in similar or dissimilar companies to enhance the accuracy and reliability of the model. In the present study, in order to infer causation between antecedents and consequences of M&As, regression method is used. Future researchers might conduct multivariate statistical analysis techniques such as structural equation modelling and PLS SEM in order to analyse the structural relationship in structural and measurement model.

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